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HUA LIEN INTERNATIONAL (HOLDING) COMPANY LIMITED

華聯國際（控股）有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 969)

**CONNECTED TRANSACTION — PROPOSED EXTENSION OF THE
MATURITY DATE OF OUTSTANDING CONVERTIBLE NOTE**

Independent Financial adviser

to the Independent Board Committee and the Independent Shareholders



SECOND AMENDMENT DEED

On 27 February 2019, the Company and Complant Sugar entered into the Second Amendment Deed pursuant to which Complant Sugar conditionally agreed to extend the maturity date of the Outstanding Convertible Note for a further term of five years from 27 February 2019 to 27 February 2024.

LISTING RULES IMPLICATIONS

Pursuant to Rule 28.05 of the Listing Rules, any alteration in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alteration takes effect automatically under the existing terms of such convertible debt securities. The application for approval for the amendment on the terms and conditions of the Outstanding Convertible Note will be submitted to the Stock Exchange as soon as practicable.

Complant Sugar holds 300,000,000 Shares which represent approximately 13.69% of the issued share capital of the Company as at the date of this announcement. Therefore, Complant Sugar is a connected person of the Company under the Listing Rules. Accordingly, the Extension constitutes a connected transaction of the Company and is subject to reporting, announcement and Independent Shareholders approval requirements under Chapter 14A of the Listing Rules.

China Complant, which is the registered and beneficial owner of 30% of the total issued share capital of Complant Sugar, holds 800,000,000 Shares which represent approximately 36.51% of the issued share capital of the Company as at the date of this announcement. To the best knowledge, information and belief of the Directors, save for Complant Sugar, China Complant and their associates, no other Shareholder has a material interest in the Extension and the transactions contemplated thereunder. As such, save for Complant Sugar, China Complant and their associates, no other Shareholder is required to abstain from voting on the resolution to approve the Extension and the transactions contemplated thereunder at the EGM.

The Company has established the Independent Board Committee and has appointed the Independent Financial Adviser to advise the Independent Shareholders and the Independent Board Committee regarding the Extension.

In view of additional time being required to finalize the content of the circular, the circular setting out details of the Outstanding Convertible Note, the Extension and the respective letters of advice is expected to be despatched by the Company to the Shareholders on or before 29 March 2019.

GENERAL

Shareholders and potential investors should note that the Extension is subject to the fulfilment of the conditions under the Second Amendment Deed. As the Extension may or may not proceed to completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

BACKGROUND INFORMATION

Reference is made to the announcement of the Company dated 25 July 2008, the circular of the Company dated 23 January 2009, the announcement of the Company dated 29 November 2013 and the circular of the Company dated 20 December 2013. The Company issued two tranches of the Convertible Note in the aggregate amount of HK\$673,200,000 with a maturity date of 27 February 2014 which was extended to 27 February 2019.

As at the date of the Second Amendment Deed, the Convertible Note had a principal outstanding amount of HK\$533,700,000 which was held by Complant Sugar.

SECOND AMENDMENT DEED

On 27 February 2019, the Company and Complant Sugar entered into the Second Amendment Deed to amend the existing term(s) of the Outstanding Convertible Note held by Complant Sugar.

The proposed amendment

The proposed amendment of the terms and conditions of the Outstanding Convertible Note pursuant to the Second Amendment Deed is that the maturity date of the Outstanding Convertible Note is to be extended for a further term of five years from 27 February 2019 to 27 February 2024.

Save for the amendment above, other terms and conditions of the Outstanding Convertible Note shall remain unchanged and in full force and effect and binding on the parties.

Conditions precedent to the Second Amendment Deed

The Extension under the Second Amendment Deed is conditional upon the satisfaction of the following conditions:

- (i) the passing by the Independent Shareholders of the necessary resolution(s) at the EGM approving the Second Amendment Deed and the transactions contemplated thereunder;
- (ii) the Stock Exchange having approved the amendments on the Outstanding Convertible Note; and
- (iii) the Company having obtained all other necessary consents and approvals in respect of the Second Amendment Deed and the transaction contemplated thereunder in compliance with the relevant laws and regulations (including but not limited to the Listing Rules and the relevant laws of Hong Kong).

None of the conditions can be waived and if the above conditions are not fulfilled on or before 31 December 2019 or such later date as may be agreed between the Company and Complant Sugar, the Second Amendment Deed will lapse and become null and void. As at the date of this announcement, none of the conditions above have been fulfilled. Pursuant to the terms of the Second Amendment Deed, if the above conditions are fulfilled after 27 February 2019, the Extension shall take retrospective effect and be effective from 27 February 2019.

Principal terms of the Outstanding Convertible Note

Principal amount	HK\$533,700,000
Interest rate	Zero coupon
Maturity date	The Business Day falling on the fifth anniversary of the issue date and was extended for a term of five years to 27 February 2019, which will be extended for a further term of five years to 27 February 2024. The Company shall redeem all outstanding principal amounts of the Outstanding Convertible Note on the Maturity Date. Upon occurrence of events of defaults, the Noteholder may give notice to the Company that the principal amount and all other sums payable under the Convertible Note shall immediately become due and payable.
Transferability	The Outstanding Convertible Note are freely transferable, but may not be transferred to a connected person of the Company without prior written consent of the Company
Redemption price	100% of the amount of the Outstanding Convertible Note
Early redemption	The Noteholder shall have the right at any time before the Maturity Date to require the Company to redeem any portion of the Outstanding Convertible Note, provided that: (i) the Noteholder shall have obtained the written consent of Complant Sugar (if the Noteholder is not Complant Sugar) in relation to the early redemption and the amount to be redeemed;

- (ii) the Noteholder shall have given to the Company not less than 15 Business Days' prior written notice of its intention to request such redemption, specifying the amount to be redeemed and the date of the proposed redemption together with the Complant Sugar's written consent referred to in (i) above;
- (iii) the Company, having regard to the financial situation of the Group, accepts the request of the Noteholders for early redemption;
- (iv) the amount to be redeemed shall be at least HK\$300,000 or its integral multiples; and
- (v) the amount to be redeemed is not already the subject of a proposed conversion as stipulated in a conversion notice.

Conversion

The Noteholder shall have the right to convert the whole or part of the principal amount of the Outstanding Convertible Note during the period commencing from the issue date of the Convertible Note and ending upon the Maturity Date into Conversion Shares in amounts of not less than a whole multiple of HK\$300,000 on each conversion.

Conversion Price

HK\$0.6 per Conversion Share, subject to adjustment for, among other things, upon the occurrence of certain events including share subdivision or consolidation, capitalization issue, capital distribution, rights issues and other dilutive events.

Conversion Restrictions

The Noteholder shall not have the right to convert the whole or part of the outstanding principal amount of the Outstanding Convertible Note into Shares to the extent that immediately after such conversion, the Noteholder together with parties acting in concert with it, taken together, will, directly or indirectly, control or be interested in 30% or more of the voting rights of the Company (or in such percentage as may from time to time be specified in the Takeovers Code being the level for triggering a mandatory general offer) or otherwise, a general offer shall be given in accordance with the requirement of the Takeovers Code or where applicable, waiver from the Shareholders is obtained in accordance with the Takeovers Code.

Further, the Noteholder shall not have the right to convert the whole or part of the outstanding principal amount of the Outstanding Convertible Note into Shares to the extent that immediately after such conversion, there will not be sufficient public float of the Shares as required under the Listing Rules.

Voting right

The Noteholder will not be entitled to attend or vote at any general meeting of the Company by reason only of it being the Noteholder.

Please refer to the circulars of the Company dated 23 January 2009 and 20 December 2013 for further details of the Outstanding Convertible Note.

IRREVOCABLE UNDERTAKING

On 27 February 2019, Complant Sugar gave an irrevocable and unconditional undertaking in favour of the Company that conditional upon signing of the Second Amendment Deed, Complant Sugar agreed not to demand repayment of any outstanding amount under the Outstanding Convertible Note before 31 December 2019 or such other date as may be agreed between the Company and Complant Sugar. Further, in view of Complant Sugar having charged the Outstanding Convertible Note to China Complant, on 27 February 2019, China Complant gave its irrevocable consent to entering into of the Second Amendment Deed.

REASONS FOR THE EXTENSION

The Outstanding Convertible Note would be due on 27 February 2019. The proposed amendment to extend the Maturity Date can relieve the imminent need of the Company to repay the Outstanding Convertible Note (in case the Outstanding Convertible Note remains outstanding as at its original maturity date), which in turn, can retain appropriate level of funds for its business development and general working capital of the Group.

Further, since the Outstanding Convertible Note bears no interest and no guarantee or security is required, the Directors are of the view that it is in the interest of the Company and its Shareholders as a whole to utilize the resources of the Group for business development instead of for redemption of the Outstanding Convertible Note.

In light of the above, the Board (excluding the independent non-executive Directors who will opine after taking into account the opinions from the Independent Financial Adviser) consider that the terms and conditions of the Second Amendment Deed are fair and reasonable and the Extension is of the interest of the Company and the Shareholders as a whole. The Extension proposed under the Second Amendment Deed is arrived at after arm's length negotiation between the Company and Complant Sugar. The Directors (excluding the independent non-executive Directors who will opine after taking into account the opinions from the Independent Financial Adviser) are of the view that the Extension will not pose any significant impact on the operations of the Group.

Since Ms. Liu Yan, Mr. Liu Xueyi, Mr. Han Hong and Mr. Wang Zhaohui are the present or past directors or employee of China Complant and/or Complant Sugar and are considered to have a material interest in the transactions contemplated under the Second Amendment Deed, they have abstained from voting on the board resolution for approving the Second Amendment Deed and the transaction contemplated thereunder. Save as disclosed above, none of the Directors has a material interest in the Second Amendment Deed or should abstain from voting in respect of the relevant board resolutions.

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of the Second Amendment Deed, Complant Sugar is the holder of the Outstanding Convertible Note with the principal amount of HK\$533,700,000.

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately upon the full conversion of all the Outstanding Convertible Note (assuming there being no other change in the share capital of the Company, save for the issue of the Conversion Shares upon the full conversion of the Outstanding Convertible Note):

Shareholders	As at the date of this announcement		Upon full conversion of the Outstanding Convertible Note	
	Shares	%	Shares	%
China Complant (Note 1)	800,000,000	36.51	800,000,000	25.97
Complant Sugar (Note 2)	300,000,000	13.69	1,189,500,000	38.61
Other Shareholders	1,091,180,000	49.80	1,091,180,000	35.42
Total	2,191,180,000	100.00	3,080,680,000	100.00

Notes:

1. State-owned Assets Supervision and Administration Commission of the State Council holds 100% in State Development & Investment Corp., Ltd. which, in turn, holds 100% in China Complant which, in turn, holds 30% in Complant Sugar. China Complant holds 800,000,000 Shares. Complant Sugar charged the Outstanding Convertible Note to China Complant.
2. Complant Sugar holds 300,000,000 Shares and the Outstanding Convertible Note of principal amount of HK\$533,700,000 convertible into 889,500,000 Shares. Complant Sugar charged the Outstanding Convertible Note to China Complant.

INFORMATION OF THE COMPANY AND COMPLANT SUGAR

The Group is principally engaged in provision of supporting services and sweetener business of sugar cane growing and sugar manufacturing in Jamaica.

Complant Sugar is principally engaged in, through its subsidiaries, sugar cane planting and production of sugar products and ethanol in Africa and Jamaica, and is the substantial shareholder (as defined in the Listing Rules) of the Company. As at the date of this announcement, State-owned Assets Supervision and Administration Commission of the State Council holds 100% in State Development & Investment Corp., Ltd. which, in turn, holds 100% in China Complant which, in turn, holds 30% in Complant Sugar.

LISTING RULES IMPLICATIONS

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Complant Sugar holds 300,000,000 Shares which represent approximately 13.69% of the issued share capital of the Company as at the date of this announcement. Therefore, Complant Sugar is a connected person of the Company under the Listing Rules. Accordingly, the Extension constitutes a connected transaction of the Company and is subject to reporting, announcement and Independent Shareholders approval requirements under Chapter 14A of the Listing Rules.

China Complant, which is the registered and beneficial owner of 30% of the total issued share capital of Complant Sugar, holds 800,000,000 Shares which represent approximately 36.51% of the issued share capital of the Company as at the date of this announcement. To the best knowledge, information and belief of the Directors, save for Complant Sugar, China Complant and their associates, no other Shareholder has a material interest in the Extension and the transactions contemplated thereunder. As such, save for Complant Sugar, China Complant and their associates, no other Shareholder is required to abstain from voting on the resolution to approve the Extension and the transactions contemplated thereunder at the EGM.

The Company has established the Independent Board Committee and has appointed the Independent Financial Adviser to advise the Independent Shareholders and the Independent Board Committee regarding the Extension.

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GENERAL

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DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day on which licensed banks in Hong Kong are open for business throughout their normal business hours
“China Compliant”	China National Complete Plant Import & Export Group Corporation Limited (中國成套設備進出口集團有限公司), a state-owned company incorporated in the PRC and is a wholly owned subsidiary of State Development & Investment Corp., Ltd. (國家開發投資集團有限公司) and owns 30% equity interest in Complant Sugar and a controlling shareholder of the Company
“Company”	Hua Lien International (Holding) Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Complant Sugar”	COMPLANT International Sugar Industry Co., Ltd. (中成國際糖業股份有限公司), a company incorporated in the Cayman Islands with limited liability and a substantial shareholder of the Company
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Conversion Price”	being HK\$0.6 per Conversion Share
“Conversion Share(s)”	the Share(s) issuable upon the conversion of the Outstanding Convertible Note

“Convertible Note”	the convertible note due 27 February 2014 (which was extended to 27 February 2019) in the principal amount of HK\$673,200,000 issued by the Company, details of which are set out in the circulars of the Company dated 23 January 2009 and 20 December 2013
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Second Amendment Deed
“Extension”	the extension of the maturity date of the Outstanding Convertible Note from 27 February 2019 to 27 February 2024
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	The independent board committee of the Company comprising Mr. Cheng Tai Kwan Sunny, Mr. Shi Zhu and Dr. Lu Heng Henry, being all independent non-executive Directors, being established to give recommendations to the Independent Shareholders in respect of the Second Amendment Deed and the Extension contemplated thereunder
“Independent Financial Adviser”	Donvex Capital Limited, a registered institution licensed to carry on Type 6 (advising on corporate finance) regulated activity under the Securities and Future Ordinance and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Second Amendment Deed and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than Complant Sugar, China Complant and their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Maturity Date”	being 27 February 2019 which will be extended to 27 February 2024 pursuant to terms of the Second Amendment Deed
“Noteholder(s)”	the holder(s) of the Convertible Note
“Outstanding Convertible Note”	the Convertible Note in the principal amount of HK\$533,700,000 being held by Complant Sugar
“PRC”	the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Second Amendment Deed”	the second amendment deed entered into by the Company and Complant Sugar dated 27 February 2019 to extend the Maturity Date of the Convertible Note
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent

By order of the Board

Hua Lien International (Holding) Company Limited

Liu Yan

Chairman

Hong Kong, 27 February 2019

As at the date of this announcement, the board of directors comprises eight directors, of which three are executive directors, namely Mr. Liu Xueyi, Mr. Han Hong, and Mr. Wang Zhaohui, two are non-executive directors, namely Ms. Liu Yan and Mr. Zhang Jian, and three are independent non-executive directors, namely Mr. Cheng Tai Kwan Sunny, Mr. Shi Zhu and Dr. Lu Heng Henry

** For identification purpose only*